

**SUMTER COUNTY BOARD OF COMMISSIONERS
EXECUTIVE SUMMARY**

SUBJECT: Health Plan premium equivalents and revisions

REQUESTED ACTION: Staff recommends approval

☐ Work Session (Report Only)

DATE OF MEETING: 6/8/2010

☒ Regular Meeting

☐ Special Meeting

CONTRACT: ☐ N/A

Vendor/Entity: _____

Effective Date: _____

Termination Date: _____

Managing Division / Dept: _____

BUDGET IMPACT: New Impact: \$567,954 Sumter County Budget

☒ Annual

FUNDING SOURCE: _____

☐ Capital

EXPENDITURE ACCOUNT: _____

☐ N/A

HISTORY/FACTS/ISSUES:

In preparation of the budget recommendation by the County Administrator and to meet the budget calendar the BOCC is requested to finalize by vote the changes for the self-insurance fund effective October 1, 2010.

In summary the change recommended is:

- A. Increase the employee premium from \$10.00 per month to \$20.00 per month
- B. Increase the dependant coverage as follows:
 - a. Child(ren) from \$122 to \$140 per month
 - b. Spouse from \$204 to \$235 per month
 - c. Family from \$255 to \$294 per month
- C. Elimination of employer funding long-term disability coverage

The Board of County Commissioners provides a consolidated "self-insured" Health Plan for employees of the Board, Clerk of Circuit Court, Property Appraiser, Sheriff, Sheriff, Supervisor of Elections, Tax Collector and Lake-Sumter EMS.

Each year, premium equivalents are set to coincide with preparation of the budget for the ensuing fiscal year. An actuarial firm is engaged to assist in determining the proper premium equivalents to soundly fund the Health Plan. Even though our average monthly claims has decreased, future claims projections will be impacted negatively by recent legislation including mental health parity, removal of lifetime limits, coverage of dependants to age 26 and removal of pre-existing clauses. The Administrative Services Only fee with BlueCross BlueShield has been reduced significantly as a result of going through the proposal process.

Milliman was recently awarded our actuary contract and has prepared their first "mid-year" report that is still in draft form but is anticipated to be completed before the BOCC meeting of June 8, 2010. At the time of writing this document, it appears that the premium equivalent projected previously may be inadequate to provide the desired reserve requirements. Staff is still in discussion with the actuary

relating to the Florida reserve requirements in order to reduce the employer's portion increase.

Employee

\$741 (Employer's portion increased from \$671.50) (\$69.50 increase)

\$ 20 (Employee's portion increased from \$10.00) (\$10.00 increase)

\$761 Total Monthly Premium

The dependent coverage premium increase below of 15% still meets the goal of presented in the past to the BOCC to have the dependent coverage carry more of its appropriate share of the claim costs.

Child(ren)

\$140 (increased from \$122.00)

Spouse

\$235 (increased from \$204.00)

Family

\$294 (increased from \$255.00)

The funding model illustrated above will provide for health coverage under the current plan (BlueOptions 3559), dental insurance, life insurance in the amount of \$25,000, accidental death and dismemberment and short-term disability. The long-term disability currently provided would be offered as a voluntary benefit therefore the past employer 100% premium contribution would cease.

The primary limiting factor in this recommendation was the consideration of the impact on the lowest paid full time employee net take home pay which is shown in attachment A. The proposed legislation related to employee contribution for retirement coverage did not pass; therefore will not be an impact on employees this year. You will note the largest impact is to the pay range with dependents. The County Administrator's prior comments to the BOCC was to limit the impact to the referenced position to a 5% but not greater than 10% reduction in net take home pay. The proposed changes above without the consideration of any changes due to the compensation study or a raise is -6.89% (see attachment A).

EXHIBIT "A"

Impact of Benefit Changes on Take Home Pay

Employee w/no dependent coverage with no pay rate change	Current Pay Scenario	Variation 1	Variation 3	Variation 4	Variation 5
Dept.	Transit				
Position	Courier				
Rate of Pay per hour	8.94				
Annual Rate	18,666.72				
Gross per pay period (80 hrs)	715.20	715.20	715.20	715.20	715.20
Payroll Deductions Per Pay Period					
Federal Withholding (single & 1)	(42.16)				
FICA & Medicare	(54.33)				
Employee Health Portion	(5.00)				
Dependent Health Premium (Family Rate)					
Retirement Contribution	-				
Short-term disability	-				
Long-term disability	-				
Net Pay Per Pay Period	613.71	613.71	613.71	613.71	613.71
Additional Impacts					
Pay Increase		-	-	-	-
Increase in Employee Portion of Health Premium to \$20 per month (\$10 per pay period)		(5.00)	(5.00)	(5.00)	(5.00)
Dependent Health Rate Realignment Impact		n/a	n/a	n/a	n/a
FRS Contribution at 0%		-	-	-	-
Purchase of LT Disability Insurance		-	-	(9.00)	(9.00)
Purchase of ST Disability Insurance		-	-		(9.00)
New Net Pay w/add'l deductions		608.71	608.71	599.71	590.71
\$ Change in Take Home Pay		(5.00)	(5.00)	(14.00)	(23.00)
% Change in Take Home Pay		-0.81%	-0.81%	-2.28%	-3.75%
Employee w/Family Coverage	Current Pay Scenario	Variation 1	Variation 3	Variation 4	Variation 5
Dept.	Transit				
Position	Courier				
Rate of Pay per hour	8.94				
Annual Rate	18,666.72				
Gross per pay period (80 hrs)	715.20	715.20	715.20	715.20	715.20
Payroll Deductions Per Pay Period					
Federal Withholding (single & 1)	(42.16)				
FICA & Medicare	(54.33)				
Employee Health Portion	(5.00)				
Dependent Health Premium (Family Rate)	(127.50)				
Retirement Contribution	-				
Short-term disability	-				
Long-term disability	-				
Net Pay Per Pay Period	486.21	486.21	486.21	486.21	486.21
Additional Impacts					
Pay Increase		-	-	-	-
Increase in Employee Portion of Health Premium to \$20 per month		(5.00)	(5.00)	(5.00)	(5.00)
Dependent Health Rate Realignment Impact		-	(19.50)	(19.50)	(19.50)
FRS Contribution at 0%		-	-	-	-
Purchase of LT Disability Insurance		-	-	(9.00)	(9.00)
Purchase of ST Disability Insurance		-	-		(9.00)
New Net Pay w/add'l deductions		481.21	461.71	452.71	443.71
\$ Change in Take Home Pay		(5.00)	(24.50)	(33.50)	(42.50)
% Change in Take Home Pay		-1.03%	-5.04%	-6.89%	-8.74%

* Disability insurance premiums are estimated